

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2168 - SB 2418

February 13, 2022

SUMMARY OF BILL: Enacts the State Parks Funding Act of 2022 (Act). Creates the State Parks Hospitality Maintenance and Improvement Fund (Fund). Requires the Commissioner of the Tennessee Department of Environment and Conservation (TDEC) to administer the Fund.

Requires the Commissioner of TDEC to deposit at least two percent of all revenue generated from revenue-generating facilities at state parks into such fund.

Requires that any unencumbered and unspent balance in the Fund be carried forward, including any interest earned on such balance. Requires money in the Fund be invested by the State Treasurer.

Establishes what types of expenditures are available for disbursement from the Fund.

Establishes that any unexpended balances of appropriations not otherwise addressed, that are set out for the purposes of defraying the operational expenses of state parks and state parks modernization, shall not revert to the General Fund and may be applied for such purposes in an appropriate manner as determined by the Commissioner of TDEC.

FISCAL IMPACT:

**Increase State Revenue - \$724,300/FY22-23 and Subsequent Years/
State Parks Hospitality Maintenance and Improvement Fund**

Decrease State Revenue - \$724,300/FY22-23 and Subsequent Years/General Fund

**Increase State Expenditures - \$724,300/FY22-23 and Subsequent Years/
State Parks Hospitality Maintenance and Improvement Fund**

**Increase State Expenditures – Exceeds \$275,700/FY22-23 and Subsequent Years/
General Fund**

Other Fiscal Impact – Expending such funding on the revenue-generating facilities at state parks will aid in deferring future maintenance costs. Any such decrease in state expenditures in future years cannot be quantified with reasonable certainty.

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Assumptions:

- Pursuant to Tenn. Code Ann. § 11-3-306, all revenues generated from revenue-generating facilities at state parks, in excess of the self-sufficiency needs of such facilities, go the following in priority:
 - Other operations at the park where such revenue is generated;
 - Parks containing historic sites or museums or natural areas, or
 - Other state parks.
- Based on information from TDEC, 2 percent of the amount of such revenues in excess of self-sufficiency needs over the past five years has averaged \$724,328.
- This amount will be placed into the Fund and subsequently spent by TDEC for the various purposes outline in this legislation.
- An increase in state revenue to such Fund of \$724,328.
- A decrease in state revenue to the General Fund of \$724,328.
- Based on information from TDEC, this excess revenue is currently placed in a separate holding fund within the General Fund and carried forward; however, TDEC does not have access to these funds for the uses outlined in this legislation.
- It is assumed that if this legislation allowed use of such funds by TDEC, it would use all of such funds on capital and maintenance for state parks.
- A recurring increase in state expenditures in FY22-23 and subsequent years from the Fund of \$724,328.
- A recurring decrease in state expenditures in FY22-23 and subsequent year from the General Fund of up to \$724,328.
- This legislation also allows TDEC to use any unexpended balance of appropriations, not set out for the purposes of defraying the operational expenses of state parks and state parks modernization, in an appropriate manner as determined by the Commissioner of TDEC.
- Based on information from TDEC, the unexpended balance of these revenue excesses carries forward, is not placed into the State Park Fund, but placed into a separate carryforward account in the General Fund.
- The balance of this amount for the past 5 fiscal years is as follows:
 - FY16-17: \$5,855,823;
 - FY17-18: \$5,342,514;
 - FY18-19: \$10,176,208;
 - FY19-20: \$11,039,283;
 - FY20-21: \$23,614,297.
- The average of these amounts is \$11,205,625.
- Based on information from TDEC, the outlier between FY18-19 through FY20-21 is due to the fact that state parks had record attendance and lodges being closed for renovation, thus reduced expenditures.
- It is unknown what percentage of this amount that is currently not expended would be elected for use by TDEC.
- For purposes of assumption, it is estimated that TDEC would elect to expend approximately an additional \$1,000,000 of this amount per year for capital maintenance and modernization of state parks.

- A recurring increase in state expenditures in FY22-23 and subsequent years from the General Fund of \$1,000,000. The net increase in state expenditures in FY22-23 and subsequent years from the General fund exceeding \$275,672 (\$1,000,000 - \$724,328).
- Expending such funding on the revenue-generating facilities at state parks will aid in deferring future maintenance costs. Any such decrease in state expenditures in future years cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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